

Message Text

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ACTION ARA-20

INFO OCT-01 ISO-00 AGR-20 CIAE-00 COME-00 EB-11 INR-10

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FM AMEMBASSY GUATEMALA

TO SECSTATE WASHDC 0823

C O N F I D E N T I A L GUATEMALA 4516

E.O.11652: GDS

TAGS: EIND

SUBJECT: EXPORT COTTON PRICES

REF: (A) STATE 181990; (B) FASTO 36

1. THREE REPRESENTATIVES OF U.S. EXPORTING FIRMS
(INCLUDING COOK AND CO., CLIENT OF BERRYMAN LAW FIRM
CITED REFTEL A) WHO SAY THEY HANDLE MORE THAN HALF
OF GUATEMALA'S COTTON EXPORTS, VISITED EMBASSY SEPTEMBER
14 TO EXPRESS CONCERN THAT RAUL GARCIA GRANADOS,
PRESIDENT OF NATIONAL COTTON COUNCIL, WHO IS PERSONAL
FRIEND OF PRESIDENT ARANA, MAY CONVINCE GOG THAT IT
OUGHT TO TAKE ACTION SIMILAR TO BOLIVIA'S IN ORDER TO
RELEASE COTTON GROWERS FROM FULFILLING FORWARD CONTRACTS.
THEY TRIED TO SEE MINISTER OF ECONOMY LAST THURSDAY BUT
WERE TOLD HE COULD NOT SEE THEM UNTIL WEDNESDAY,
SEPTEMBER 19. IN MEANTIME THEY ARE AFRAID GOG MIGHT
TAKE SOME IRREVERSIBLE ACTION ON QUESTION OF COTTON
PRICES. THEY NOTED THAT IN BOLIVIA THE EXPORTERS HAD
TIED UP THE CROP THROUGH LEGAL ACTION AND THEY SAID
THAT NO COTTON HAS MOVED SINCE GOB DECREE, SINCE
POTENTIAL BUYERS KNEW THAT THERE WAS POSSIBILITY THE
COTTON THEY MIGHT PURCHASE WOULD BE ATTACHED LEGALLY UPON
ARRIVAL AT ITS DESTINATION.

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2. I TOLD REPRESENTATIVES I WOULD UNDOUBTEDLY SEE

MINISTER OF ECONOMY DURING THE SEVERAL INDEPENDENCE DAY CEREMONIES SCHEDULED FOR FRIDAY AFTERNOON AND EVENING AND THAT I WOULD MENTION PROBLEM TO HIM AND URGE HIM TO SEE THEM AS SOON AS HE COULD. AT SALVADOR INDEPENDENCE DAY RECEPTION THAT AFTERNOON MINISTER OF ECONOMY COLLARED ME TO DISCUSS PETROLEUM PRICE PROBLEM (SEPTTEL) AND I TOOK OPPORTUNITY TO MENTION THE COTTON PRICE PROBLEM TO HIM AND URGED THAT IF ANY ACTION CONTEMPLATED IN THIS FIELD, IT NOT BE TAKEN FEBORE HE HAD SEEN THE REPRESENTATIVES. MINISTER SAID HE DIDN'T KNOW OF ANY CONTEMPLATED ACTION AND THAT HE WOULD SEE THE REPRESENTATIVES ON WEDNESDAY, AS SCHEDULED. HE SAID THAT WAS AS EARLY AS HE COULD SEE THEM, AS HIS SCHEDULE WAS FULL FOR MONDAY (INCLUDING A CABINET MEETING) AND HE WOULD BE OUT OF GUATEMALA ON TUESDAY.

3. ON SEPTEMBER 7 MINISTRY OF ECONOMY BANNED EXPORTS OF COTTON YARN AND THREAD TO DESTINATIONS OUTSIDE CENTRAL AMERICA AND BEGAN TO REQUIRE EXPORT PERMITS FOR COTTON. WE ARE INFORMED THAT GOG HAS ASKED PRODUCERS TO SUPPLY UP TO 50,000 BALES TO DOMESTIC WEAVERS AT 35 CENTS PER POUND. PRODUCER GROUP SAYS IT IS WILLING TO DO THIS IN EXCHANGE FOR GOG SUPPORT FOR EFFORTS TO OBTAIN RE-NEGOTIATION OF FORWARD CONTRACTS. WHAT THIS QUOTE SUPPORT UNQUOTE ENTAILS, WE DO NOT YET KNOW.
DREYFUSS

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